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TO AMEMBASSY JIDDA NIACT IMMEDIATE

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EYES ONLY FOR THE AMBASSADOR

E.O. 11652:YGDS

TAGS:PFOR, ENRG, SA

SUBJECT:LETTER FROM PRESIDENT FORD TO HIS MAJESTY
KHALID IBU ABD AL-AZIZ AL-SAUD

1. AT THE EARLIEST APPROPRIATE TIME, AND IN ANY EVENT,
NO LATER THAN COB MONDAY, NOVEMBER 1, PLEASE DELIVER THE
FOLLOWING PERSONAL MESSAGE FROM PRESIDENT FORD TO HIS
MAJESTY, KING KHALID:

2. BEGIN TEXT. YOUR MAJESTY: I HAVE RECEIVED YOUR
MAJESTY'S LETTER OF SEPTEMBER 13, 1976, CONVEYED TO ME
BY HIS ROYAL HIGHNESS PRINCE SAUD AL-FAISAL, IN WHICH
YOU EXPRESSED YOUR CONCERN ABOUT THE OPPOSITION OF SOME
MEMBERS OF CONGRESS TO PROPOSED SALES OF MILITARY
EQUIPMENT TO SAUDI ARABIA. I APPRECIATE YOUR MAJESTY'S
WARM SENTIMENTS OF FRIENDSHIP AND YOUR COMMITMENT TO
MAINTAIN AND SOLIDIFY THE GOOD RELATIONS BETWEEN OUR
TWO COUNTRIES. I FULLY SHARE THIS COMMITMENT.

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3. AS YOUR MAJESTY IS AWARE, MY ADMINISTRATION HAS MADE

A MAJOR EFFORT WITH THE CONGRESS TO DEFEND OUR RELATIONSHIP WITH SAUDI ARABIA. WE HAVE SUCCEEDED IN DEFEATING LEGISLATIVE PROPOSALS WHICH WOULD HAVE BEEN HARMFUL TO OUR ECONOMIC RELATIONS AND PREVENTED CERTAIN MILITARY SALES TO YOUR COUNTRY. IN DOING THIS, WE HAVE BEEN WELL AWARE OF THE NECESSITY OF AVOIDING ANY INTERRUPTION IN THE MODERNIZATION OF YOUR MAJESTY'S ARMED FORCES OR IN THE ASSISTANCE THE UNITED STATES IS PROVIDING IN THE SECURITY FIELD. MORE FUNDAMENTALLY, I WISHED TO AVOID ANY ACTION WHICH MIGHT HAVE CAST DOUBT UPON THE SOUNDNESS OF THE CLOSE RELATIONSHIP WHICH HAS BEEN OF SUCH GREAT BENEFIT TO BOTH OUR COUNTRIES THROUGH THE YEARS.

4. OUR ACTIONS IN THIS REGARD HAVE BEEN PART OF AN INTENSE AND CONTINUING EFFORT TO BUILD PUBLIC SUPPORT FOR AN EVEN CLOSER RELATIONSHIP WITH SAUDI ARABIA. WE HAVE BEEN AIDED IN THIS TASK BY OUR ABILITY TO POINT TO SO MANY AREAS OF COOPERATION BETWEEN OUR TWO NATIONS, AND TO THE MODERATE POSITIONS TAKEN BY SAUDI ARABIA ON A NUMBER OF ISSUES OF INTERNATIONAL IMPORTANCE, INCLUDING IN PARTICULAR THE CONSTRUCTIVE ROLE PLAYED BY SAUDI ARABIA IN INTERNATIONAL OIL AFFAIRS.

5. I WAS MOST GRATIFIED TO LEARN IN MY RECENT MEETING WITH PRINCE SAUD, AND FROM REPORTS OF AMBASSADOR PORTER'S MEETING WITH CROWN PRINCE FAHD LAST MONTH, THAT YOUR MAJESTY DOES NOT INTEND TO APPROVE AN OIL PRICE INCREASE THIS YEAR. YOUR EARLIER ASSURANCE THAT SAUDI ARABIA WOULD DO EVERYTHING IT COULD TO PREVENT A PRICE INCREASE AT THE LAST OPEC MINISTERIAL MEETING IN BALI WAS MOST WELCOME, AND THE OUTCOME CLEARLY DEMONSTRATED THE DECISIVE ROLE PLAYED BY YOUR NATION.

6. SAUDI ARABIA'S MODERATE POLICY IN OIL MATTERS HAS WORKED TO SUPPORT BOTH THE ECONOMIC HEALTH AND THE POLITICAL STABILITY OF NON-COMMUNIST NATIONS. YOUR WISE LEADERSHIP IN RESISTING PRICE INCREASES OVER THE LAST YEAR HAS AIDED BOTH INDUSTRIALIZED AND DEVELOPING NATIONS TOWARD ECONOMIC RECOVERY. HOWEVER, AS YOU ARE AWARE, THIS ECONOMIC RECOVERY REMAINS EXTREMELY FRAGILE AND SECRET

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UNEVEN, AND ENORMOUS TRADE IMBALANCES HAVE FURTHER ERODED THE ALREADY WEAK BORROWING ABILITY OF A NUMBER OF NATIONS. A NEW INCREASE IN THE PRICE OF OIL IN JANUARY, WHICH SOME MEMBERS OF OPEC ARE ADVOCATING, WOULD ADD NEW AND PERHAPS UNMANAGEABLE STRESS TO TRADE BALANCES AND CREDITWORTHINESS. IT WOULD ALSO REKINDLE INFLATIONARY PRESSURES AND HAMPER ECONOMIC RECOVERY, PARTICULARLY AMONG THE OIL-IMPORTING DEVELOPING COUNTRIES

AND IN THOSE KEY INDUSTRIALIZED NATIONS WHOSE POLITICAL FABRIC AND ORIENTATION IS ALREADY STRAINED BY ECONOMIC DIFFICULTIES. THESE EFFECTS COULD CONTRIBUTE TO A PROCESS OF POLITICAL RADICALIZATION IN CRUCIAL AREAS WHERE STABILITY IS ESSENTIAL TO THE KIND OF WORLD ORDER I BELIEVE WE BOTH SEEK.

7. YOUR MAJESTY'S CONTINUED OPPOSITION TO INCREASES IN THE PRICE OF OIL, THEREFORE, WOULD BE OF SUBSTANTIAL BENEFIT TO GLOBAL POLITICAL STABILITY AS WELL AS ECONOMIC WELL-BEING. IT WILL ALSO BE VERY HELPFUL IN BUILDING BROADER PUBLIC SUPPORT IN THE UNITED STATES FOR CLOSE RELATIONS WITH SAUDIA ARABIA. CONVERSELY, A PRICE INCREASE NEXT YEAR WOULD COME AS A SERIOUS BLOW TO YOUR FRIENDS IN THE ADMINISTRATION AND THE CONGRESS WHO HAVE WORKED HARD AND SUCCESSFULLY TO RESIST ACTIONS WHICH WOULD HAVE DAMAGED THOSE RELATIONS.

8. YOUR MAJESTY CAN BE CERTAIN THAT WE HAVE ADOPTED YOUR GOVERNMENT'S ADVICE ON MAKING STRONG APPROACHES TO OTHER OPEC COUNTRIES, EMPHASIZING THE IMPORTANCE TO THE GLOBAL ECONOMY OF AVOIDING AN INCREASE IN THE PRICE OF OIL. WE WOULD LIKE TO DISCUSS THIS MATTER FURTHER WITH YOUR GOVERNMENT AFTER WE HAVE HAD A CHANCE TO STUDY THE REPLIES OF OTHER OPEC GOVERNMENTS.

9. WORKING TOGETHER IN A LEADERSHIP ROLE AND A HARMONIOUS SPIRIT, OUR TWO COUNTRIES HAVE AN OPPORTUNITY IN THE COMING MONTHS AND YEARS TO HELP ACHIEVE CONTINUING PROGRESS TOWARD ECONOMIC AND POLITICAL STABILITY IN THE WORLD, AND TOWARD A JUST AND LASTING PEACE IN THE MIDDLE EAST. I WELCOME AND APPLAUD YOUR OWN DEDICATION, AND REAFFIRM THE COMMITMENT OF THE UNITED STATES TO THIS
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NOBLE PURPOSE. SINCERELY, GERALD R. FORD END TEXT.

10. THE ABOVE LETTER SHOULD BE DATED OCTOBER 29, 1976. KISSINGER

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